MASSACHUSETTS
HEALTH POLICY COMMISSION

BUSINESS REPORT
AND
FUNDS STATEMENT

FY2013 – FY2018

January 31, 2018

The Massachusetts Health Policy Commission, established by Chapter 224 of the Acts of 2012, administers two trust funds that support a variety of health care initiatives across the Commonwealth. Beginning in 2013, the trust funds were funded through a one-time assessment on certain providers and insurers.

The payment reform trust fund supports the HPC's investment programs and provider technical assistance programs. The distressed hospital trust fund supports community hospitals through the CHART Investment Program and other activities.

Released annually pursuant to M.G.L. c.6D §8 and c. 29 §2GGGG, this Business Report and Funds Statement serves as a summary of expenditures and activities for fiscal years 2013 to 2018 for the HPC's trust funds.

Since FY17, the HPC's operations have been funded through an ongoing health care industry assessment, the amount of which is set forth annually in the state budget through an assessed account, 1450-1200. The HPC also manages other line item appropriations as directed by the Legislature.

Submitted to the Legislature pursuant to M.G.L. c.6D §8 and c. 29 §2GGGG.

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ABOUT THE HPC

The Massachusetts Health Policy Commission (HPC), established in 2012, is an independent state agency charged with monitoring health care spending growth in Massachusetts and providing data-driven policy recommendations regarding health care delivery and payment system reform.

HPC staff and the 11-member Board of Commissioners work collaboratively to monitor and improve the performance of the health care system. Key activities include setting the health care cost growth benchmark; setting and monitoring provider and payer performance relative to the health care cost growth benchmark; creating standards for care delivery systems that are accountable to better meet patients' medical, behavioral, and social needs; analyzing the impact of health care market transactions on cost, quality, and access; and investing in community health care delivery and innovations.

THE HPC'S ROLE IN MA HEALTH CARE REFORM

While Massachusetts is a national leader in innovative and high-quality health care, it is also among the states with the highest health care spending. The rapid rate of growth in spending has contributed to a crowding-out effect for households, businesses, and government, reducing resources available to spend on other priorities.

Given these trends, in August 2012, the state enacted Chapter 224 of the Acts of 2012, *An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation.* This first-in-the-nation cost-containment law set the ambitious goal of bringing health care spending growth in line with growth in the state's overall economy by establishing the health care cost growth benchmark, a statewide target for the rate of growth of total health care expenditures. Chapter 224 established the HPC as an independent body to oversee health care system performance, encourage the formation of accountable care organizations and alternative payment models, and make transformational investments, including in the Commonwealth's community hospitals.

Six years after Chapter 224, the HPC has reported progress towards health care cost containment in the Commonwealth. In December 2017, the HPC reported that private commercial spending continued to grow at a relatively low rate (3.4 percent per member) between 2015 and 2016, below the U.S. average for the fourth year in a row. Moreover, Massachusetts would have seen an additional $5.9 billion in health care spending if its commercial health care spending rate had grown at the U.S. rate during that same time period. The HPC reported that slower growth in commercial spending in Massachusetts has narrowed the premium gap with the nation as a whole since 2012.

Even with this progress toward health care cost containment, the HPC has identified opportunities to improve the Massachusetts health care system, including future work to drive down costs associated with hospital outpatient spending, readmission rates, post-acute care, alternative payment methods, and pharmaceutical spending. Through the annual cost trends hearing and reports, the HPC will continue to monitor performance under the health care cost growth benchmark and trends in these and other areas to help achieve a more efficient, effective health care system in the Commonwealth.

BOARD AND ADVISORY COUNCIL

BOARD OF COMMISSIONERS

The HPC is an independent agency established within the Executive Office of Administration and Finance. It is governed by an 11-member Board of Commissioners, appointed by the Governor, the Attorney General, and the State Auditor. Two cabinet secretaries serve as ex-officio members. Board members were initially appointed in 2012 to staggered terms of one to five years. At the end of the term, the appointing authority may reappoint Board members for a five-year term. As designated by law, each Board member has demonstrated expertise in a particular aspect of health care delivery and finance. Board members serve without pay and cannot be employed by, a consultant to, have a financial stake in, or otherwise be a representative of a health care entity while on the Board.

Dr. Stuart Altman was appointed the first chair of the HPC by Governor Deval Patrick in November 2012 for an initial three-year term. He was subsequently reappointed by Governor Charlie Baker in January 2016 to a five-year term. The vice-chair-elect of the Board is Dr. Wendy Everett, and is reappointed on an annual basis. For more information on the HPC's Board members, see Appendix 3.

POLICY COMMITTEES

In order to facilitate the work of the HPC and to allow Board members an opportunity to more fully examine specific topic areas, the HPC had four standing policy committees in 2017. These committees are organized around specific functions of the HPC and have both monitoring and operational responsibilities. Beginning in 2018, the HPC will have two standing committees, as approved by the Board in November 2017.

CARE DELIVERY AND PAYMENT SYSTEM TRANSFORMATION

Key focus areas for the CDPST Committee include:

1. Developing and implementing standards for a certification program of Patient-Centered Medical Homes (PCMHs) and Accountable Care Organizations (ACOs);
2. Overseeing the Registration of Provider Organizations (RPO) Program;
3. Developing model payment standards to support PCMHs; and,
4. Promoting the development of alternative payment methodologies.

QUALITY IMPROVEMENT AND PATIENT PROTECTION

Key focus areas for the QIPP Committee include:

1. Examining the impact of health system changes on the quality of health care;
2. Overseeing operations of the Office of Patient Protection (OPP);
3. Tracking behavioral health integration;
4. Developing regulations and guidance relative to nurse staffing in hospital intensive care units; and
5. Coordinating with the Department of Public Health, MassHealth, the Center for Health Information and Analysis, and other agencies on statewide quality improvement strategy.

COMMUNITY HEALTH CARE INVESTMENT AND CONSUMER INVOLVEMENT

Key focus areas for the CHICI Committee include:

1. Overseeing the development and administration of the HPC's investment programs;
2. Developing strategies for engaging with key stakeholders and the public on the implementation of Chapter 224;
3. Helping consumers navigate health care cost and quality and monitoring price transparency requirements; and,
4. Monitoring and reporting on developments in health insurance product design, including high deductible health plans.

COST TRENDS AND MARKET PERFORMANCE

Key focus areas for the CTMP Committee include:

1. Supporting HPC's role of establishing the annual health care cost growth benchmark;
2. Guiding the preparation of the HPC's annual cost trends report and hosting of annual cost trends hearings;
3. Overseeing material change notices and cost and market impact reviews of provider transactions; and,
4. Overseeing the development of the process for and implementation of performance improvement plans.

ADVISORY COUNCIL

To ensure broad stakeholder input and feedback into the work of the HPC, the Executive Director is required by Chapter 224 to convene an Advisory Council. First established in March 2013, the Advisory Council consists of over 30 representatives of providers, insurers, patient advocates, businesses, labor unions, and technology/innovation.

The Advisory Council supports the agency's work by:

1. Advising on and providing specific input towards the HPC's operation and policy initiatives, ensuring the consideration of diverse perspectives;
2. Contributing feedback and setting priorities for investment programs; and
3. Serving as a network for communicating the HPC's mission and work to a larger community.

POLICY PROGRAMS

The HPC's goal is better health and better care at a lower cost across the Commonwealth. The agency works to attain this goal through various programs and research as authorized by Chapter 224, such as:

1. **research** and publication of annual reports and hearings on health care cost trends;
2. market **monitoring** through provider notices of material change and cost and market impact reviews;
3. analysis of structure of the delivery system through the **certification** of Accountable Care Organizations and the Registration of Provider Organizations; and
4. **investment** in more efficient care through the CHART community hospital and innovation investment programs.

Through these and other policy initiatives, the HPC strives to promote and incentivize the development of a high-value health care system in the Commonwealth.

RESEARCH AND ANALYSIS

The HPC publishes a variety of comprehensive reports and policy briefs to build an evidence-base, support policy development, and provide the Commonwealth with independent, data-driven information on pressing health policy issues. A full list of publications at time of issuance can be found in Appendix 1.

HEALTH CARE COST GROWTH BENCHMARK

Chapter 224 requires the HPC to set health care cost growth goals.

The HPC establishes the state's health care cost growth benchmark, an annual statewide target for the rate of growth of total health care expenditures. The benchmark seeks to keep health care costs growth in line with the state's overall economy. For 2013-2017, the health care cost growth benchmark has been set at 3.6%. In 2018-2019, the HPC set the benchmark at 3.1%.

Annually in September, the Center for Health Information and Analysis (CHIA) releases an annual report on the Commonwealth's performance under the benchmark. Following this report, the HPC conducts research assessing the drivers behind the Commonwealth's performance and completes in-depth analyses of areas of particular concern.

HEALTH CARE COST TRENDS HEARING

Chapter 224 requires the HPC to hold an annual public hearing process to create dialogue and accountability towards the health care cost-containment goals.

The annual Health Care Cost Trends Hearing is a public examination into the drivers of health care costs and an engagement of witnesses to identify challenges and opportunities within the Commonwealth's health care system. The HPC conducts the hearing, in coordination with the Office of the Attorney General (AGO) and CHIA.

At the hearing, Massachusetts provider organizations, health plans, employers, consumers, and national experts are required to testify on the state of the health care delivery and payment system, factors that contribute to cost growth, and strategies to contain costs while improving patient care. The HPC and the AGO also request written (pre-filed) testimony from over 50 organizations. Additionally, the HPC calls on over 25 organizations to testify in-person at the two-day hearing.

Testimony from the annual hearing informs various research and policy workstreams.

ANNUAL COST TRENDS REPORT

Chapter 224 requires the HPC to analyze and report cost trends through data examination.

Consistent with the statutory mandate of the HPC, the Annual Cost Trends Report presents an overview of health care spending and delivery in Massachusetts, opportunities to improve quality and efficiency, and progress in key areas and contains recommendations for strategies to increase quality and efficiency in the Commonwealth.

Reports from 2013 to 2017 identified four specific areas of opportunity:

1. **Fostering a value based market** in which payers and providers openly compete, and in which providers are supported and equitably rewarded for providing high-quality and affordable services.
2. **Promoting an efficient, high-quality health care delivery system** that improves health by delivering coordinated, patient-centered health care that accounts for patients' behavioral, social, and medical needs.
3. **Advancing aligned and effective financial incentives** for providers to deliver high-quality, cost effective care and for consumers and employers to make high-value choices for their care and coverage.
4. **Enhancing transparency through publicly available data and information on health care system performance** necessary for providers, payers, patients, employers, and policymakers, including state agencies and the Legislature, to successfully implement reforms and evaluate performance over time.

The Annual Cost Trends Report also provides recommendations to market participants and state agencies to fulfill the goals of Chapter 224. The reports also express the HPC's commitments to action in service of those goals.

BEHAVIORAL HEALTH RESEARCH

Chapter 224 requires the HPC to promote the integration of mental health, substance use disorder and behavioral health services.

Given the prevalence of mental illnesses and substance use disorders (collectively referred to as behavioral health), the successful integration of appropriate

identification and treatment for these conditions into the broader health care system is essential for realizing the Commonwealth's goals of improving outcomes and containing overall cost growth. Prior research from the HPC indicates that patients with one or more behavioral health conditions have higher average medical costs.

The HPC is actively engaged in various initiatives to promote behavioral health integration and research, including the 2016 Opioid Abuse Disorder Report and subsequent 2017 Chart Pack.

ONGOING RESEARCH AGENDA

The HPC publishes a series of policy and research briefs to complement the Annual Cost Trends Report. Like the Cost Trends Report, these briefs employ rigorous methods to examine topics that are actionable and relevant. The briefs offer an in-depth study of one issue, often in partnership with outside researchers, and frequently involve more advanced analytic methods, and/or original data collection.

As part of the HPC's ongoing research agenda, HPC staff presented at the 2017 Academy Health Annual Research Conference on the following topics:

- Factors Underlying Variation in Inpatient Hospital Prices
- Inadequate Access to Care May be Associated with Long ED Stays for BH Patients
- The Impact of the ACAs Preventative Coverage Mandate on Spending and Utilization of Contraception in Massachusetts
- Variation in Intensity of Care and Hospice Use at the End of Life in Massachusetts

HPC staff also presented at the 2017 Academy Health Conference on the Science of Dissemination and Implementation in Health on Bridging the Dissemination Gap: Building a Stakeholder-Informed Learning Strategy.

In 2017, the HPC launched HPC DataPoints, a series of online briefs to spotlight new research and data findings relevant to the HPC's mission to drive down the cost of health care. This website showcases brief overviews and interactive graphics on relevant health policy topics.

THE ALL-PAYER CLAIMS DATABASE

The Massachusetts All Payer Claims Database (APCD) is the most comprehensive source of health claims data from public and private payers in Massachusetts. With information on the vast majority of Massachusetts residents, the APCD promotes transparency and affords a deep understanding of the Massachusetts health care system. It is used by the HPC and health care providers, health plans, researchers, and others to address a wide variety of issues, including price variation, population health, and quality measurement.

Chapter 224 directs the HPC to use data collected by CHIA in preparing the Cost Trends Report. Past reports have featured person- and provider-level analyses based on the commercial and Medicare fee-for-service claims from the APCD. In addition, the HPC has employed the APCD to analyze health care market functioning, including examining market share and assessing the cost and access impacts of proposed transactions. The research team represents the HPC to the research and analytic community, and carries out special research projects as determined by the Executive Director and the Board, including an ongoing effort to advance and improve the HPC's use of the state's all-payer claims database (APCD).

In 2017, the HPC expanded its APCD work to include analyses of MassHealth.
The HPC plans to continue to expand its APCD work to include data for Medicare managed care organizations and, when possible, and to use the APCD to evaluate programs, design model payment, and develop spending measures as well as to continue the work described above.

MARKET OVERSIGHT AND TRANSPARENCY

Given the central importance of a well-functioning health care market to sustainable cost containment, a major aim of Chapter 224 and a core policy priority for the HPC is supporting transparency and accountability among health care providers and payers.

MATERIAL CHANGE NOTICES (MCN)

Chapter 224 requires the HPC to monitor changes within the health care marketplace.

Provider changes, including consolidations and alignments, have been shown to impact health care market functioning, and thus the performance of the Commonwealth's health care system in delivering high quality, cost effective care. As such, providers and provider organizations must submit notice to the HPC not fewer than 60 days before the proposed effective date of any proposed Material Change.

Based on criteria articulated in statute and informed by the facts of each Material Change, the HPC analyzes the likely impact of the Material Change. The HPC's work includes a review of the parties' stated goals for the Material Change and the information provided in support of how and when the Material Change would result in efficiencies and care delivery improvements.

More information on Material Change Notices (MCNs) may be found here.

COST AND MARKET IMPACT REVIEWS (CMIR)

Chapter 224 requires the HPC to review the impact of changes within the health care marketplace.

The HPC may engage in a more comprehensive review of particular transactions anticipated to have a significant impact on health care costs or market functioning. The result of a cost and market impact review (CMIR) is a public report detailing the HPC's findings. In order to allow for public assessment of the findings, the transactions may not be finalized until the HPC issues its final report. Where appropriate, such reports may identify areas for further review or monitoring, or be referred to other state agencies in support of their work on behalf of health care consumers.

Through the CMIR process the HPC can seek to improve understanding of market developments affecting short and long term health care spending, quality, and consumer access.

In addition, the CMIR reviews enable the HPC to identify particular factors for market participants to consider in proposing and responding to potential future organizational changes. Through this process, the HPC seeks to encourage providers and payers alike to evaluate and minimize negative impacts and enhance positive outcomes of any given material change.

The HPC has released several CMIR reports, available on the HPC's website.

REGISTRATION OF PROVIDER ORGANIZATIONS (RPO)

Chapter 224 requires the HPC to enhance the transparency of provider organizations.

The HPC is responsible for developing and administering a biennial registration program for certain provider organizations. The launch of the Registration of Provider Organizations (RPO) Program makes Massachusetts the first state to have transparent, publicly available information about the corporate, contracting, and clinical relationships of its largest health systems.

This public resource contributes to a foundation of information necessary for government, researchers, and market participants to evaluate and improve MA's health care system.

Provider organizations submitted their initial registration data to the HPC in the fall of 2015. Cleaned data can be found here. The HPC is using this data to enhance its work in other policy areas, including reviewing Notices of Material Change, setting standards for certifying Accountable Care Organizations, and analyzing cost trends and the Commonwealth's progress in meeting the health care cost growth benchmark.

Provider Organizations that meet certain thresholds are required to register biennially with the HPC and to submit a related annual filing to the Center for Health Information and Analysis (CHIA). To streamline these dual reporting requirements, the HPC and CHIA have created a single program – the Massachusetts Registration of Provider Organizations (MA-RPO) Program – that incorporates the required data elements from both the HPC and CHIA statutes. Under the MA-RPO Program, a Provider Organization submits an annual filing to the Commonwealth which satisfies its obligations under both M.G.L. c. 6D, § 11 and M.G.L. c. 12C, § 9. In 2017, the

MA-RPO Program worked with 57 Provider Organizations on the submission of their filings. Data from this submission will be available online in the coming months.

PERFORMANCE IMPROVEMENT PLANS (PIPS)

Chapter 224 requires the HPC to reduce health care cost growth by requiring certain health care organizations to file and implement a performance improvement plan.

The HPC's enabling legislation, Chapter 224, outlines a process for the state to require certain health care payers and providers to enter into Performance Improvement Plans (PIPs) to improve efficiency and reduce cost growth. Each year, CHIA identifies payers and/or providers whose cost growth is excessive and threatens the state health care cost growth benchmark, and the HPC must provide notice to those identified entities.

2016 was the first time that the HPC was tasked with reviewing payers and providers identified by CHIA. Following thorough review, the HPC's Board opted not to pursue any PIPs.

As of January 2018, the HPC is actively engaged in the process of reviewing potential PIPs from 2015 and 2016.

The HPC developed a regulation governing the PIPs process. If required to file, the payer or provider must develop a PIP and propose it to the HPC for approval. The PIP must identify the causes of the entity's cost growth and include specific strategies the entity will implement to improve cost performance. Implementation of a PIP will involve reporting, monitoring, and assistance from the HPC.

REGULATIONS

As part of the development of various programs and operational procedures, the HPC may be required to promulgate regulations.

To date, the HPC has promulgated nine regulations (958 CMR 2.00 – 958 CMR 10.00). A full list of HPC regulations can be found in Appendix 2.

STRATEGIC INVESTMENTS

In order to enhance the delivery of effective, efficient care and promote innovative care delivery models, the HPC provides investments to various organizations across the Commonwealth. While many of these investments are focused on provider organizations, they emphasize the importance of community partnerships to ensure that the HPC's programs are best serving residents of the Commonwealth.

CHART INVESTMENT PROGRAM

Chapter 224 requires the HPC to invest in community hospitals and other providers to support the transition to new payment methods and care delivery models.

The Community Hospital Acceleration, Revitalization, and Transformation (CHART) Investment Program is a $120 million grant program funded by an assessment on large health systems and commercial insurers. The CHART program makes phased investments into eligible Massachusetts community hospitals to enhance the delivery of efficient, effective care. CHART hospitals share the common characteristics of being non-profit, non-teaching hospitals with relatively lower prices than many other hospitals.

In October 2013, the HPC solicited responses from eligible community hospitals to participate in CHART Phase 1. A total of $9.2 million was distributed to 28 community hospitals. These foundational investments in system transformation primed the hospitals for transformation and enabled the HPC to assess awardees for capability and capacity for performance improvement.

In October 2014, the HPC's Board authorized over $60 million in investments for CHART Phase 2. CHART Phase 2 focuses on Driving System Transformation in three key areas:

- Maximizing appropriate hospital use;
- Enhancing behavioral health care;
- Improving hospital-wide (or system-wide) processes to reduce unnecessary spending and improve quality and safety.

All funded hospitals are engaged in projects aiming to reduce acute utilization as measured by admissions, readmissions, emergency department revisits, or emergency department length of stay, with a focus on behavioral health integration and enhanced services.

In 2017, Phase 3 of the CHART Investment Program was defunded by the Executive Branch to cover the Commonwealth's budget shortfall.

INNOVATION INVESTMENT PROGRAMS

Chapter 224 requires the HPC foster innovation in health care payment and service delivery through competitive investment opportunities.

In March of 2016, the HPC released requests for proposals (RFPs) for the Health Care Innovation Investment (HCII) Program. HCII is an $11.3 million grant program to drive innovation in health care delivery and payment in Massachusetts. HCII encompasses three investment tracks: the Targeted Cost Challenge Investments (TCCI), the Telemedicine Pilot Initiative, and the Neonatal Abstinence Syndrome (NAS) Interventions.

Created in Chapter 224, TCCI funding was awarded to ten provider organizations to support innovative delivery and payment models that are poised to be taken to scale and make a meaningful impact on the health care cost growth benchmark. Applicants for this funding identified a "challenge area" that they would seek to address through their program, which were identified by the HPC as health care cost drivers. Funded organizations will complete 18-month programs targeting behavioral health integration, post-acute care, serious advancing illness and end-of-life care, site and scope of care, and the social determinants of health.

Created through Section 161 of Chapter 46 of the Acts of 2015, the Telemedicine Pilot Initiative was awarded to four provider organizations to enact initiatives that implement telemedicine-based services to enhance access to behavioral health care for populations in Massachusetts with unmet behavioral health needs – older adults aging in place, adults with a substance use disorder, and children and adolescents.

Created through Chapter 46 of the Acts of 2015, the NAS Interventions were awarded to six eligible birthing hospitals in Massachusetts to develop and/or enhance programs designed to improve care for infants with Neonatal Abstinence Syndrome (NAS) and for women in treatment for opioid use disorder during and after pregnancy.

A portion of the investments under each of the aforementioned opportunities is funded through the HPC's trust funds.

CARE DELIVERY INVESTMENT PROGRAM

In January 2018, the HPC's Board voted to approve a new

investment program, the SHIFT-Care Challenge. This new competitive grant program allocates $10 million from the Distressed Hospital and Payment Reform Trust Funds to foster innovations in health care delivery that promote community-based, collaborative approaches to care delivery and drive reductions in avoidable acute care utilization.

The RFP for this program will be released in early 2018.

CARE DELIVERY CERTIFICATIONS

Under Chapter 224, the HPC is responsible for developing a coordinated strategy to advance accountable care in the Commonwealth by collaborating with the leaders of reforms in the payer and provider community, partnering with senior policymakers at other state agencies, enhancing data transparency, and identifying key barriers and accelerators of reform.

PATIENT-CENTERED MEDICAL HOMES

Chapter 224 requires the HPC to develop and implement standards of certification for patient-centered medical homes (PCMHs).

The HPC is required to develop and implement standards of certification for patient-centered medical homes. The purpose of this certification process is to complement existing local and national care transformation and payment reform efforts, validate value-based care, and promote investments in efficient, coordinated, and high-quality primary care.

The HPC, in collaboration with the National Committee for Quality Assurance (NCQA), developed the PCMH PRIME Certification Program. PCMH PRIME emphasizes the importance of behavioral health integration in primary care. Behavioral health conditions (mental illnesses and substance use disorders) suffer from both under and delayed diagnosis and treatment.

Behavioral health issues can often be identified first in a primary care setting, and there is growing consensus that behavioral health needs to be integrated into primary care. PCMH PRIME identifies components key to the integration of behavioral health care and certifies practices that meet a majority of these criteria.

In addition to certification standards, PCMH PRIME also offers a technical assistance program, payer engagement, and close alignment with MassHealth.

ACCOUNTABLE CARE ORGANIZATIONS

Chapter 224 requires the HPC to develop and implement standards of certification for Accountable Care Organizations (ACOs).

The HPC is charged with developing and implementing standards of certification for Accountable Care Organizations (ACOs) in the Commonwealth. An ACO is generally defined as a group of physicians, hospitals, or other providers whose mission is to improve health outcomes and quality of care while slowing the growth in overall costs for a specific population of patients.

The HPC believes that ACOs represent a promising model for transforming care delivery through improvements in care coordination and integration, access to services, and accountability for quality outcomes and costs.

The purpose of the certification program is to complement existing local and national care transformation and payment reform efforts, validate value-based care, and promote investments by all payers in efficient, high-quality, and cost- effective care across the continuum.

Over time, the HPC envisions refining certification criteria to recognize ACOs that deliver quality care and control total medical expenditure cost growth. The HPC is closely aligning with MassHealth and the GIC, to ensure that the ACO certification program is flexible, evidence-based, feasible, and supplements existing ACO-type payment arrangements and initiatives already in place in Massachusetts.

The HPC began certifying ACOs in 2017.

BUDGET OVERVIEW
FY2013 – FY2018

From state fiscal years 2013 to 2016 (FY13-FY16), the HPC and its work was solely funded by two trust funds: The Health Care Payment Reform Trust Fund (HCPRTF) and the Distressed Hospital Trust Fund (DHTF).

In FY17, the HPC moved onto the state budget with operating expenses supported by a line item appropriation that is fully assessed on certain large health care providers and payers.

OVERVIEW OF HPC TRUST FUNDS

Chapter 224 of the Acts of 2012 dedicated $130 million in one-time revenues to be administered by the HPC through an assessment on certain health care market participants and a portion of one-time gaming license fees. These funds, allocated to the Health Care Payment Reform Trust Fund (HCPRTF) and/or the Distressed Hospital Trust Fund (DHTF), collectively supported the HPC operations, policy programs, professional services, investment programs, market monitoring, and provider engagement initiatives necessary to promote a more affordable, effective, and accountable health care system in Massachusetts.

Health Care Payment Reform Trust Fund

The Health Care Payment Reform Trust Fund (HCPRTF) was established in Chapter 194 of the Acts of 2011, An Act Establishing Expanded Gaming in the Commonwealth. The HCPRTF receives revenue from the following sources:

- Chapter 224 one-time industry assessment (~$11 million total over four years, ending in FY16)
- A portion of gaming license fees (23%) as administered by the Office of the State Comptroller ($40 million)

The main purposes of this fund are to support the establishment of the programs and operations of the HPC, foster innovation in health care payment and service delivery through a competitive grant program, and provide direct technical assistance and support for the HPC's certification programs**.**

Since FY17, this trust fund has exclusively supported grants under the HPC's innovation investment programs and technical assistance for the HPC's certification and investment programs.

Distressed Hospital Trust Fund

Chapter 224 established the (originally) ~$120 million Distressed Hospital Trust Fund (DHTF) to provide investments in the Commonwealth's community hospitals. For FY13-FY20, the balance of the DHTF will be used to support the CHART Investment Program and other community hospital investments.

In addition to direct funding to community hospitals through the CHART Program, up to 10% of the DHTF is authorized by Chapter 224 for administrative costs related to the CHART Program, including program development, program operations, and financial controls.

In 2017, the Executive Branch diverted $25 million in funds from this trust fund to the Commonwealth's General Fund to help balance the state's budget.

FY18 BOARD APPROVED BUDGET

On July 26, 2017, the Board approved the operating budget for fiscal year 2018. The total budget, including assessments for fringe benefits and for use of the state's accounting system, but not including direct provider investments, was $14,200,315. This budget supports all of the programs and activities described in this report.

ANNUAL INDUSTRY ASSESSMENT

FY16 was the final year of collections for the Chapter 224 one-time assessment on certain hospitals and health plans. From FY17 onward, the HPC's operations and programs are funded by a new annual assessment on acute care hospitals, surgery centers, and health plans. The amount of the assessment will be determined through the state budget process. The assessment process is similar to the current financing mechanism for the Center for Health Information and Analysis (CHIA).

HPC BALANCE SHEETS

For more information on the HPC's annual budget and actual spending, please see the balance sheets on pages 14 and 15, which depict the HPC's spending from each trust fund from FY13 to FY17.

Health Care Payment Reform Trust Fund	FUND STATEMENT (actual spend from trust fund by FY)					ESTIMATED REVENUE & EXPENSES
	FY13*	FY14	FY15	FY16	FY17	FY18**
Sources of Funds						
Beginning Balance						
	$ -	$ 2,280,191	$ 2,959,749	$ 15,149,622	$ 14,611,263	$ 14,310,021
Revenue						
Ch. 224 Industry Assessment	$ 2,280,191	$ 3,851,548	$ 2,528,290	$ 2,452,396	$ 155,215	$ -
Casino Gaming Licenses	$ -	$ 1,725,000	$ 38,525,000	$ -	$ -	$ -
MassHealth Federal Matching	$ -	$ -	$ -	$ 6,153,885	$ -	$ -
Penalty Assessment	$ -	$ -	$ -	$ -	$ 41,753	$ 79,000
Net OPP Collections	$ -	$ -	$ -	$ -	$ 1,775	$ -
Private Foundation Grant	$ -	$ -	$ -	$ 268,575	$ (4,839)	$ -
Total Revenue	**$ 2,280,191**	**$ 5,576,548**	**$ 41,053,290**	**$ 8,874,856**	**$ 193,904**	**$ 79,000**
Total	**$ 2,280,191**	**$ 7,856,739**	**$ 44,013,039**	**$ 24,024,478**	**$ 14,805,167**	**$ 14,389,021**
Uses of Funds						
Expenditures						
Payroll/Benefits	$ -	$ 2,757,960	$ 3,826,455	$ 4,919,953	$ -	$ -
Rent/Utilities^	$ -	$ 149,356	$ 215,420	$ 569,538	$ -	$ -
Professional Services	$ -	$ 1,682,053	$ 1,151,528	$ 2,175,683	$ -	$ -
Administration/IT Support^	$ -	$ 307,621	$ 721,921	$ 571,619	$ -	$ -
Private Foundation Grant	$ -	$ -	$ -	$ -	$ 124,971	$ -
OPP Expenses	$ -	$ -	$ -	$ -	$ 2,362	$ -
Total Expenditures	**$ -**	**$ 4,896,990**	**$ 5,915,323**	**$ 8,236,794**	**$ 127,333**	**$ -**
State Levies						
CTR Trust Fund Assessment	$ -	$ -	$ 269,525	$ 591,895	$ 19,925	$ 12,000
Total Levies	**$ -**	**$ -**	**$ -**	**$ 591,895**	**$ 19,925**	**$ 12,000**
Investments						
Health Care Innovation Investment	$ -	$ -	$ -	$ -	$ 158,870	$ 4,500,000
PCMH/ACO Technical Assistance	$ -	$ -	$ -	$ -	$ 189,018	$ 130,000
Total Investments	**$ -**	**$ -**	**$ -**	**$ -**	**$ 347,888**	**$ 4,630,000**
Transfers Out						
State Budget Shortfall	$ -	$ -	$ 10,000,000	$ 500,000	$ -	$ -
MassHealth Rate Reimbursements	$ -	$ -	$ 12,307,769	$ -	$ -	$ -
CHIA RPO	$ -	$ -	$ 313,599	$ 88,212	$ -	$ -
CHIA Survey	$ -	$ -	$ 57,200	$ -	$ -	$ -
Total Transfers Out	**$ -**	**$ -**	**$ 22,678,568**	**$ 588,212**	**$ -**	**$ -**
Total	**$ -**	**$ 4,896,990**	**$ 28,863,416**	**$ 9,416,900**	**$ 495,146**	**$ 4,642,000**
Balance Forward						
Ending Balance						
	$ 2,280,191	**$ 2,959,749**	**$ 15,149,622**	**$ 14,607,578**	**$ 14,310,021**	**$ 9,747,021**

* HPC received $683,098 from three General Fund sources in FY13. All expenditures in FY13 were from the General Fund. Total expenditures were $562,707 and accounted for mostly staff payroll.

** Final fund statement for FY18 will be available in Fall 2018. Numbers reflect estimated spending as of June 2018 and are subject to revision.

^ HPC moved locations in FY15. Increases in Administrative/IT Support and Rent/Utilities reflect moving costs.

^^ Effective January 1, 2015, HPC trust funds were subject to an assessment on payroll and professional services paid to the Office of the State Comptroller.

Distressed Hospital Trust Fund	FUND STATEMENT (actual spend from trust fund by FY)					ESTIMATED REVENUE & EXPENSES
	FY13*	FY14	FY15	FY16	FY17	FY18**
Sources of Funds						
Beginning Balance						
	$ -	$ 25,994,173	$ 57,906,278	$ 74,566,988	$ 82,644,534	$ 33,538,751
Revenue						
Ch. 224 Industry Assessment	$ 25,994,173	$ 40,410,479	$ 25,637,017	$ 26,725,035	$ 573,101	$ -
TCPI UMS Collections	$ -	$ -	$ -	$ -	$ 1,423	$ -
Grant Return of Funds	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue	$ 25,994,173	$ 40,410,479	$ 25,637,017	$ 26,725,035	$ 574,524	$ -
Total	$ 25,994,173	$ 66,404,652	$ 83,543,295	$ 101,292,023	$ 83,219,058	$ 33,538,751
Uses of Funds						
Expenditures						
Payroll/Benefits	$ -	$ 259,789	$ 751,189	$ 1,286,354	$ 1,381,640	$ 1,137,085
Rent/Utilities^	$ -	$ 17,603	$ 52,095	$ 100,508	$ 108,300	$ 117,000
Professional Services	$ -	$ 220,885	$ 1,144,789	$ 833,695	$ 481,453	$ 720,000
Administration/IT Support^	$ -	$ 42,449	$ 193,796	$ 100,702	$ 143,485	$ 85,000
Total Expenditures	$ -	$ 540,726	$ 2,141,870	$ 2,321,260	$ 2,114,878	$ 2,059,085
State Levies						
CTR Trust Fund Assessment	$ -	$ -	$ 117,988	$ 180,458	$ 206,724	$ 140,000
Total Levies	$ -	$ -	$ 117,988	$ 180,458	$ 206,724	$ 140,000
Investments						
CHART Investments	$ -	$ 7,957,648	$ 6,716,450	$ 16,145,771	$ 23,070,574	$ 15,500,000
Health Care Innovation Investments	$ -	$ -	$ -	$ -	$ 117,199	$ 2,500,000
Provider Supports	$ -	$ -	$ -	$ -	$ 495,000	$ 500,000
DPH ISA for NAS	$ -	$ -	$ -	$ -	$ 175,932	$ 400,000
Total Investments	$ -	$ 7,957,648	$ 6,716,450	$ 16,145,771	$ 23,858,705	$ 18,900,000
Transfers Out						
State Budget Shortfall	$ -	$ -	$ -	$ -	$ 23,500,000	$ -
Total Transfers Out	$ -	$ -	$ -	$ -	$ 23,500,000	$ -
Total	$ -	$ 8,498,374	$ 8,976,307	$ 18,647,489	$ 49,680,307	$ 21,099,085
Balance Forward						
Ending Balance						
	$ 25,994,173	$ 57,906,278	$ 74,566,988	$ 82,644,534	$ 33,538,751	$ 12,439,666

* HPC did not expend any funds from the DHTF in FY13. The first investment program (CHART) was formalized in FY14.

** Final fund statement for FY18 will be available in Fall 2018. Numbers reflect estimated spending as of June 2018 and are subject to revision.

^ HPC moved locations in FY15. Increases in Administrative/IT Support and Rent/Utilities reflect moving costs.

^^ Effective January 1, 2015, HPC trust funds were subject to an assessment on payroll and professional services paid to the Office of the State Comptroller.

APPENDIX 1: PUBLICATIONS

ANNUAL COST TRENDS REPORT

2016 Cost Trends Report (February 2017)

2015 Cost Trends Report (January 2016)

2015 Cost Trends Report: Provider Price Variation (January 2016)

2014 Cost Trends Report (January 2015)

Cost Trends Report: July 2014 Supplement (July 2014)

2013 Cost Trends Full Report (January 2014)

POLICY REPORTS

Opioid Use Disorder Report (September 2016)

Summary Report: Provider Price Variation Stakeholder Discussion Series (July 2016)

Community Hospitals at a Crossroads: Findings from an Examination of the Massachusetts Health Care System (March 2016)

A Report on Consumer-Driven Health Plans: A Review of the National and Massachusetts Literature (April 2013)

COST AND MARKET IMPACT REVIEW REPORTS

HPC-CMIR-2013-1: Partners HealthCare System, Inc. and South Shore Hospital (February 2014)

HPC-CMIR-2013-2: Partners HealthCare System, Inc. and South Shore Hospital (February 2014)

HPC-CMIR-2013-3: Lahey Health Systems, Inc. and Winchester Hospital (May 2014)

HPC-CMIR-2015-1: Beth Israel Deaconess Care Organization, New England Baptist Hospital, and New England Baptist Clinical Integration Organization (September 2016)

HPC-CMIR-2015-2: Beth Israel Deaconess Care Organization, New England Baptist Hospital, and New England Baptist Clinical Integration Organization (September 2016)

HPC-CMIR-2016-1: Beth Israel Deaconess Care Organization, New England Baptist Hospital, and New England Baptist Clinical Integration Organization (September 2016)

HPC-CMIR-2017-1: Partners HealthCare System, Inc., Massachusetts Eye and Ear Infirmary, and Massachusetts Eye and Ear Associates and Affiliates

POLICY AND RESEARCH BRIEFS

HPC DataPoints Series

- Issue 1: Update on preventable oral health ED visits in MA (April 2017)
- Issue 2: Avoidable Emergency Department Use in MA (May 2017)
- Issue 3: The ACA's Preventative Coverage Mandate and MA (June 2017)
- Issue 4: The growing opioid epidemic in MA hospitals (July 2017)
- Issue 5: Quality Measurement Misalignment in MA (January 2018)

Opioid Chart Pack (August 2017)

Policy Brief: Oral Health (August 2016)

Research Brief: Serious Illness and End of Life Care in the Commonwealth (November 2016)

Research Brief: Behavioral Health Compendium (March 2016)

Policy Brief: Out-of-Network Billing (January 2016)

APCD Almanac - Chartbook (July 2014)

ACADEMY HEALTH ANNUAL RESEARCH CONFERENCE POSTERS

2017

- Factors Underlying Variation in Inpatient Hospital Prices
- Inadequate Access to Care May be Associated with Long ED Stays for BH Patients
- The Impact of the ACAs Preventative Coverage Mandate on Spending and Utilization of Contraception in Massachusetts
- Variation in Intensity of Care and Hospice Use at the End of Life in Massachusetts
- Bridging the Dissemination Gap: Building a Stakeholder-Informed Learning Strategy

2016

- Emerging Evidence to Effectively Treat Neonatal Abstinence Syndrome (NAS) with Higher Quality and Lower Cost: Lessons from Massachusetts
- Enabling Tools and Technologies to Support Delivery of High Value, Coordinated Health Care: Event Notification Systems
- Retail Clinics Reduce Avoidable Emergency Department Visits in Massachusetts
- When an APCD is Not Enough (You need RPO): Developing a System to Map the Structures and Relationships of Massachusetts' Largest Healthcare Providers
- Price variation for common lab tests and factors associated with selection of low cost sites
- The Opioid Epidemic in Massachusetts: Findings on Hospital Impact and Policy Options
- Spending for low-risk deliveries in Massachusetts varies two-fold, with no measurable quality

PUBLICATIONS RELATED TO THE CHART INVESTMENT PROGRAM

CHART Phase 2 Hospital Factbook (August 2016)

CHART Leadership Summit: Proceedings Report (September 2014)

CHART Case Study: Use of Locally Derived Data to Design, Develop, and Implement Population Health Management Intervention (February 2015)

CHART Case Study: Deploying Effective Management and Leadership Strategies to Drive Transformation (March 2015)

CHART Phase 1 Report (June 2015)

CHART Phase 1 Hospital Factbook (June 2015)

OFFICE OF PATIENT PROTECTION REPORTS

2015 Office of Patient Protection Annual Report (March 2017)

2014 Office of Patient Protection Annual Report (November 2015)

2013 Office of Patient Protection Annual Report (November 2014)

APPENDIX 2:
HPC REGULATIONS

REGULATIONS

One-Time Assessment Regulation (958 CMR 2.00)

For Fiscal Years 2013-2016, the HPC is partially funded through a one-time assessment on certain Massachusetts payers and providers. The HPC's first regulation governs said payments to the HPC and provides details on which acute hospitals and surcharge payers must contribute to the assessment.

Health Insurance Consumer Protection Regulation (958 CMR 3.00)

The Office of Patient Protection handles external reviews for denied health insurance claims. This regulation establishes the requirements for carriers in administering their internal grievance procedures and conducting external reviews of carriers' medical necessity adverse determination. The regulation also sets out requirements for continuity of care, referral to specialty care, and carrier reporting requirements.

Health Insurance Open Enrollment Waivers Regulation (958 CMR 4.00)

Under Massachusetts and federal law there are open enrollment periods, which are certain times during the year when individuals and families may buy non-group health insurance coverage. This regulation establishes the requirements for requests by consumers who wish to enroll in a non-group health plan outside of the open enrollment periods. The HPC is updating this regulation to comply with the Affordable Care Act and new Massachusetts laws.

CHART Investment Program Regulation (958 CMR 5.00)

Chapter 224 created the CHART Investment Program, a phased grant program that invests in eligible Massachusetts community hospitals to enhance their delivery of efficient, effective care. This regulation governs the procedures and criteria used to award grants to certain qualifying acute hospitals, as authorized by the HPC Board. This regulation specifies how the HPC will administer the grant program in compliance with the Office of the Comptroller's regulation.

Registration of Provider Organization Regulation (958 CMR 6.00)

Chapter 224 directs the HPC to develop and administer a registration program for provider organizations, through which those entities subject to the law will submit information on their organizational and operational structure and governance. This regulation governs the procedures and criteria used to administer the provider organization registration program. It specifies the criteria for who must register and what information must be submitted to complete Registration.

Notices of Material Change and Cost and Market Impact Reviews Regulation (958 CMR 7.00)

Chapter 224 directs the HPC to monitor changes in the health care marketplace, including consolidations and alignments that have been shown to impact health care market functioning, and thus the performance of our health care system in delivering high quality, cost effective care. This regulation governs certain procedures for filing Notices of Material Change as well as the procedures by which the HPC will review Notices of Material Change and conduct Cost and Market Impact Reviews.

ICU Nurse Staffing Regulation (958 CMR 8.00)

Chapter 155 of the Acts of 2014 established patient assignment limits for registered nurses in intensive care units in acute hospitals and charged the HPC with promulgating regulations governing the implementation and operation of the law including. This regulation establishes Patient Assignment limits for Registered Nurses in Intensive Care Units in Acute Hospitals licensed by the MA Department of Public Health and in hospitals operated by the Commonwealth, including the process for selecting or developing an Acuity Tool and required elements of the Acuity Tool.

Annual Assessment Regulation (958 CMR 9.00)

Beginning in FY 2017, the HPC's operating budget is funded through an annual assessment on certain payers, providers, and ambulatory services centers. This regulation governs the process through which the assessment will be collected.

Performance Improvement Plan Regulation (958 CMR 10.00)

This regulation governs the process for Performance Improvement Plans.

For more information about HPC regulations, please visit here.

APPENDIX 3: HPC BOARD AND ADVISORY COUNCIL MEMBERSHIP

HPC COMMISSIONERS

Below, please find a matrix of HPC's commissioners by appointing authority and term. Brief biographies of current commissioners are provided in this section.

Health Policy Commission Board, January 31, 2018

			First Term			Second Term		
Statutory Requirement	**Appointing Authority**	**Appointee**	**Term Start Date**	**Term***	**Term End Date**	**Appointment/ Reappointment Date**	**Term**	**Term End Date**
One member, designated as chairperson	Governor	Altman, Stuart	11/1/2012	3 years	11/1/2015	1/15/2016	5 years	11/1/2020
One member with demonstrated expertise in the development and utilization of innovative medical technologies and treatments for patient care.	Auditor	Everett, Wendy	11/1/2012	2 years	11/1/2014	3/6/2015	5 years	11/1/2019
One member with demonstrated expertise in representing the health care workforce as a leader in a labor organization.	Auditor	Turner, Veronica	11/1/2012	4 years	RESIGNED 11/1/2016			
	Auditor	Foley, Timothy	10/12/2016	Remainder of Term	10/31/2016	11/1/2016	5 years	10/31/2019
One member with demonstrated expertise as a purchaser of health insurance representing business management or health benefits administration	Auditor	Lord, Richard	11/1/2012	3 years	11/1/2015	12/1/2015	5 years	11/1/2020
One member who is a health economist.	Attorney General	Cutler, David	11/1/2012	3 years	11/1/2015	12/1/2015	5 years	11/1/2020
One member with expertise in health care consumer advocacy.	Attorney General	Hattis, Paul	11/1/2012	2 years	11/1/2014		1 year Holdover Appointee	12/31/2015
		Berwick, Donald				1/1/2016	4 years Remainder of Term	11/1/2019
One member with expertise in behavioral health, substance use disorder, and mental health services	Attorney General	Sudders, Marylou	11/1/2012	1 year	11/1/2013	9/23/2013	4 years (served 14 months)	RESIGNED 1/1/2015
		Cohen, Martin				4/23/2015	3 years, 6 months Remainder of Term	11/1/2018
One member with demonstrated expertise in health plan administration and finance	Governor	Yang, Jean	11/1/2012	4 years (served 28 months)	RESIGNED 2/2015			
		Mastrogiovanni, Renato	5/19/2015	1 year, 5 months Remainder of Term	11/1/2016	11/1/2016	5 years	11/12/2021
One member who is a primary care physician	Governor	Allen, Carole	11/1/2012	5 years	11/1/2017			
		Kryder, John Christian				1/31/2018	5 years	11/13/2022
Secretary of Administration and Finance	Governor	Shor, Glen	Ex-Officio					
		Lepore, Kristen	Ex-Officio					
		Heffernan, Michael	Ex-Officio					
Secretary of Health and Human Services	Governor	Polanowicz, John	Ex-Officio					
		Sudders, Marylou	Ex-Officio					

*Please Note: Chapter 224 set staggered initial terms for all appointed seats. The terms began in November 2012. All subsequent appointments and reappointments are for five years.

DR. STUART ALTMAN, CHAIR

Statutory Requirement: One member, designated as chairperson, with demonstrated expertise in health care delivery, health care management at a senior level, or health care finance and administration, including payment methodologies. (Appointed by the Governor)

Stuart Altman, P.h.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School for Social Policy and Management at Brandeis University. He is an economist with approximately five decades of experience working closely with issues of federal and state health policy within government, the private sector, and academia.

Dr. Altman has served on numerous government advisory boards on both the federal and state levels. Between 1971 and 1976, Dr. Altman was Deputy Assistant Secretary for Planning and Evaluation/Health at the U.S. Department of Health Education and Welfare (HEW). While serving in that position, he was one of the principal contributors to the development and advancement of a National Health Insurance proposal. From 1972 to 1974, he also served as the Deputy Director for Health as part of President Nixon's Cost-of-Living Council, where he was responsible for developing the council's program on health care cost containment.

For twelve years, from 1984 to 1996, he was the Chairman of the Prospective Payment Assessment Commission (ProPac), which was responsible for advising the U.S. Congress and the administration on the functioning of the Medicare Diagnosis-Related Group (DRG) Hospital Payment System and other system reforms. He was appointed in 1997 by President Clinton to the National Bipartisan Commission on the Future of Medicare. From 2000 to 2002, he was Co- Chair of the Legislative Health Care Task Force for the Commonwealth of Massachusetts.

Dr. Altman is a published author of numerous books and journal articles, the most recent, *Power, Politics and Universal Health Care: The Inside Story of a Century-Long Battle* (2011). He has been recognized as a leader in the health care field by *Health Affairs* and by *Modern Healthcare*, which named him in 2006 among the 30 most influential people in health policy over the previous 30 years, and which from 2003 to 2011 named him one of the top 100 most powerful people in health care. Dr. Altman earned his M.A. and Ph.D. degrees in economics from UCLA.

DR. WENDY EVERETT, VICE CHAIR

Statutory Requirement: One member with demonstrated expertise in the development and utilization of innovative medical technologies and treatments for patient care. (Appointed by the State Auditor)

Wendy Everett, Sc.D., recently retired as the President of NEHI, a national health policy research institute focused on enabling innovation to improve health care quality and lower costs. She was appointed as the organization's first president in July 2002.

Dr. Everett has more than 40 years of experience in the health care field. She has held executive positions at the University of California, San Francisco Medical Center (UCSF) and at Brigham and Women's Hospital in Boston. She has directed national demonstration programs for The Robert Wood Johnson and the Kaiser Family Foundations. In the mid-1990s, Dr. Everett became a Director of the Institute for the Future, leading the Health and Health Care research team for six years and overseeing the creation of ten-year, national forecasts in health and health care.

Dr. Everett earned two Bachelor of Science degrees, and she holds master's and doctoral degrees in health policy and management from Harvard University.

DR. DONALD BERWICK

Statutory Requirement: One member with expertise in health care consumer advocacy. (Appointed by the Attorney General)

Donald M. Berwick was President and CEO of the Institute for Healthcare Improvement (IHI) for nearly 20 years. In July 2010, President Obama appointed Dr. Berwick to the position of Administrator of the Centers for Medicare & Medicaid Services, a position he held until December 2011. He was formerly Clinical Professor of Pediatrics and Health Care Policy at the Harvard Medical School, and Professor in the Department of Health Policy and Management at the Harvard School of Public Health. Dr. Berwick has served as vice chair of the US Preventive Services Task Force, the first "Independent Member" of the American Hospital Association Board of Trustees, and chair of the National Advisory Council of the Agency for Healthcare Research and Quality. An elected member of the Institute of Medicine (IOM), Dr. Berwick served two terms on the IOM's governing Council and was a member of the IOM's Global Health Board. He served on President Clinton's Advisory Commission on Consumer Protection and Quality in the Healthcare Industry. He is a recipient of several awards and author of numerous articles and books, including *Curing Health Care* and *Escape Fire*.

MR. MARTIN COHEN

Statutory Requirement: One member with expertise in behavioral health, substance use disorder, and mental health services. (Appointed by the Attorney General)

Martin D. Cohen is the president/CEO of the MetroWest Health Foundation, a community health philanthropy serving the MetroWest area of Massachusetts. Mr. Cohen has more than 30 years of experience working with federal and state policymakers to plan and implement comprehensive strategies for improving public mental health services. Prior to joining the foundation, Mr. Cohen served as the executive director of the Technical Assistance Collaborative, Inc., a national health and human services consulting firm. He previously served as a deputy program director and senior program consultant for the Robert Wood Johnson Foundation, and was a deputy assistant secretary in the Massachusetts Executive Office of Health & Human Services. He serves on the board of advisors of the David and Lura Lovell Foundation and the Harvard Pilgrim Health Care Foundation. Cohen holds both a BA and MSW from Boston University.

DR. DAVID CUTLER

Statutory Requirement: One member who is a health economist. (Appointed by the Attorney General)

David Cutler, P.h.D., is the Otto Eckstein Professor of Applied Economics in the Department of Economics at Harvard University and holds secondary appointments at Harvard's Kennedy School of Government and the Harvard School of Public Health. David served as Assistant Professor of Economics from 1991 to 1995, was named John L. Loeb Associate Professor of Social Sciences in 1995, and received tenure in 1997. Professor Cutler was associate dean of the Faculty of Arts and Sciences for Social Sciences from 2003-2008.

Honored for his scholarly work and singled out for outstanding mentorship of graduate students, Professor Cutler's work in health economics and public economics has earned him significant academic and public acclaim. Professor Cutler served on the Council of Economic Advisers and the National Economic Council during the Clinton Administration and has advised the Presidential campaigns of Bill Bradley, John Kerry, and Barack Obama as well as being Senior Health Care Advisor for the Obama Presidential Campaign and a Senior Fellow for the Center for American Progress.

Professor Cutler is author of two books, several chapters in edited books, and many of published papers on the topic s of health care and other public policy topics. Author of Your Money Or Your Life: Strong Medicine for America's Health Care System, published by Oxford University Press, this book, and Professor Cutler's ideas, were the subject of a feature article in the New York Times Magazine, The Quality Cure, by Roger Lowenstein. Cutler was recently named one of the 30 people who could have a powerful impact on healthcare by Modern Healthcare magazine and one of the 50 most influential men aged 45 and younger by Details magazine. Professor Cutler earned an A.B. from Harvard University and his P.h.D. in Economics from MIT (1991).

MR. TIMOTHY FOLEY

Statutory Requirement: One member with demonstrated expertise in representing the health care workforce as a leader in a labor organization. (Appointed by the State Auditor)

Tim Foley is a Vice President for 1199SEIU, the state's largest union of health care workers. He has worked for SEIU for 11 years, starting out as a political director, then being elected to a Vice President position. Mr. Foley has worked for the Massachusetts AFL-CIO and the Massachusetts Coalition for Adult Education. He holds a bachelor's degree in political science from the University of Delaware and a masters' degree in public affairs from the University of Massachusetts-Boston.

SECRETARY MICHAEL J. HEFFERNAN, EXECUTIVE OFFICE OF ADMINISTRATION AND FINANCE

Statutory Requirement: Secretary of Administration and Finance (Appointed by the Governor, Ex-Officio)

Michael J. Heffernan joined Governor Charlie Baker's cabinet as Secretary of the Executive Office for Administration and Finance in August 2017. In his role, Secretary Heffernan is in charge of formulating the governor's budget plan, providing guidance on the economy, and implementing the state government's $40 billion operating and $2 billion capital budgets. Secretary Heffernan also manages numerous state administrative agencies including the Department of Revenue (tax administration and economic forecasting), the Human Resources Division (talent recruitment and management), the Group Insurance Commission (employee and retiree health insurance), the Operational Services Division (procurement), and the Department of Capital Asset Management and Maintenance (state facilities).

Mike previously served as Commissioner of the Department of Revenue for the Commonwealth of Massachusetts where he was responsible for administrating tax, revenue collection, child support, and municipal finance laws. Following his campaign for Massachusetts state treasurer in 2014, Mike served on Governor Charlie Baker's transition team and was appointed to the boards of Massachusetts Pension Reserves Investment Management Board (PRIM) and the MBTA Retirement Fund in early 2015.

In the private sector, Mike spent nearly two decades in increasingly senior roles at Citigroup and its predecessor firm, Salomon Brothers, as a managing director in its markets and banking division. He previously served as a Vice President in capital markets at NatWest Markets and EF Hutton & Co. Most recently, he co-founded the Massachusetts tech startup Mobiquity in 2011.Mike has been involved with a number of non-profits focused primarily on education and healthcare. He holds an MBA in finance from New York University, an MPA from the Harvard Kennedy School and a bachelor's degree in economics from Georgetown University where he sits on the Georgetown College Board of Advisors and chairs the Georgetown Library Board.

DR. JOHN CHRISTIAN KRYDER

Statutory Requirement: One member who is a primary care physician. (Appointed by the Governor)

Dr. John Christian Kryder is currently an Executive Partner at Flare Capital, a Boston-based healthcare technology investment group. In addition to chairing the Board of Directors at a telemedicine services organization, InfiniteMD, Dr. Kryder has also recently been an Advisor at GE Ventures, a venture capital subsidiary of General Electric that enables entrepreneurship in the healthcare industry. He spent twenty-five years as a Clinical Instructor in Medicine in the Medical Engineering and Medical Physics Program at Harvard Medical School, HST Division.

Dr. Kryder currently serves on the Board of Trustees at Tufts Medical Center. Previously, Dr. Kryder spent over ten years at several Waltham-based healthcare organizations—as Chief Executive Officer at Verisk Health, Co-Founder of Generation Health and Chief Executive Officer and Founder of D2Hawkeye.

Dr. Kryder received a Doctorate of Medicine from Georgetown University and completed his internal medicine residency training in the Harvard Primary Care Program at Mount Auburn Hospital in Cambridge. He also received a Master's in Business Administration from the Sloan School at Massachusetts Institute of Technology. He received a Bachelor of Arts in History from the University of Buffalo.

MR. RICHARD LORD

Statutory Requirement: One member with demonstrated expertise as a purchaser of health insurance representing business management or health benefits administration. (Appointed by the State Auditor)

Richard C. Lord is President and Chief Executive Officer of Associated Industries of Massachusetts (AIM). AIM is a state-wide employer advocacy and service organization of more than 5,000 member companies. Mr. Lord joined AIM in 1991 and served as Executive Vice President for Legislative Policy where he was responsible for AIM's public policy advocacy on health care, economic development, taxation, worker's compensation and other issues of interest to employers in the Commonwealth. He has been President and CEO since 1999.

Prior to joining AIM, Mr. Lord served as Chief of Staff for the Committee on Ways and Means of the Massachusetts House of Representatives. The Committee is responsible for all legislation involving state funds and revenues, including the Commonwealth's annual budget and all tax related matters. Mr. Lord was employed by the Committee for six years, serving as the Budget Director before being promoted to the Chief of Staff position. Mr. Lord is a 1977 Phi Beta Kappa graduate of Williams College where he earned a B.A. degree in Economics and Psychology.

MR. RENATO "RON" MASTROGIOVANNI

Statutory Requirement: One member with demonstrated expertise in health plan administration and finance. (Appointed by the Governor)

Ron Mastrogiovanni, President and Chief Executive Officer of HealthView Services, has more than 25 years of experience in management consulting, financial services and health care software design. He is responsible for developing the HealthView platform, a solution-based planning system that integrates health care cost projections, Medicare means testing, long-term care expenses and Social Security optimization into the retirement planning process. Mr. Mastrogiovanni has emerged as a widely respected thought leader in the area of health care costs
projections, and has co-authored several white papers on such topics as the Annual Health Care Cost Data Report and the Impact of Medicare Means Testing on Future Retirees.

Prior to HealthView, Mr. Mastrogiovanni was the co-founder of FundQuest, one of the first fee-based asset management companies that provided financial institutions - including banks, insurance companies, and brokerage firms – with wealth management solutions. Mr. Mastrogiovanni, who designed the firm's asset allocation and money management process, was responsible for overseeing the management over $12 billion in client assets. The company was acquired by BNP Paribas, a global leader in banking and financial services. HealthView Services and Mr. Mastrogiovanni have been featured in several national publications, including The Wall Street Journal, CNBC, and MarketWatch. Mr. Mastrogiovanni received a B.S. degree from Boston State College and an M.B.A. from Babson College.

SECRETARY MARYLOU SUDDERS, EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Statutory Requirement: Secretary of Health and Human Services (Appointed by the Governor, Ex-Officio)

Appointed as Secretary of the Executive Office of Health and Human Services (EOHHS) by Governor Charlie Baker in January 2015, Marylou Sudders leads the largest executive agency in state government, a $19.4 billion state budget with 22,000 dedicated public servants, and oversees critical services that touch one in four residents of the Commonwealth. Professionally trained as a social worker, Sudders has dedicated her life to public service and to some of our most vulnerable citizens. She has been a public official, provider executive, advocate and college professor.

She was the Massachusetts Commissioner of Mental Health from 1996 to 2003, championing significant legislative reforms including insurance parity, fundamental patient rights and the first children's mental health commission. In 2012, Sudders was appointed to the state's Health Policy Commission (HPC) for her behavioral health expertise; she remains on this important Commission in her capacity as Secretary.

For almost ten years, she headed the Massachusetts Society for the Prevention of Cruelty to Children, promoting the rights and well-being of some 24,000 children and families. Just prior to her appointment as Secretary, Sudders was an associate professor and Chair of Health and Mental Health at Boston College's Graduate School of Social Work. Sudders has served on many charitable boards throughout her career, including the Pine Street Inn, Massachusetts Association for Mental Health and the National Alliance on Mental Illness.

Secretary Sudders' talent and dedication has been recognized multiple times. She received an Honorary Doctorate from the Massachusetts School of Professional Psychology and was named Social Worker of the Year from the Massachusetts Chapter of the National Association of Social Workers. She was also nationally recognized with the Knee-Whitman Outstanding Achievement for Health & Mental Health Policy from the National Association of Social Workers Foundation.

HPC ADVISORY COUNCIL
(January 1, 2017- December 31, 2018)

- Dianne Anderson, President & CEO, Lawrence General Hospital
- Rich Buckley, Vice President of Corporate Affairs for North America, AstraZeneca
- Michael Caljouw, Vice President of Government & Regulatory Affairs, Blue Cross Blue Shield of MA
- JD Chesloff, Executive Director, Massachusetts Business Roundtable
- Dr. Cheryl Clark, Director of Health Equity Research & Intervention, Brigham & Women's Hospital
- Vic DiGravio, President & CEO, Association for Behavioral Healthcare
- Dr. Ron Dunlap, Cardiologist and Past President, Massachusetts Medical Society
- John Erwin, Executive Director, Conference of Boston Teaching Hospitals
- Tara Gregorio, President, Mass Senior Care Association
- Christie Hager, Senior Fellow in Health Policy, UMass Medical School
- Dr. Paul Hattis, Greater Boston Interfaith Organization
- Meg Hogan, Chief Executive Officer of Boston Senior Home Care, Mass Home Care
- Jim Hunt, President & CEO, Massachusetts League of Community Health Centers
- Jon Hurst, President, Retailers Association of Massachusetts
- Dan Keenan, Senior Vice President of Government & Community Relations, Sisters of Providence Health System
- Pat Kelleher, Executive Director, Home Care Alliance of Massachusetts
- David Matteodo, Executive Director, Massachusetts Association of Behavioral Health Systems
- Joyce A. Murphy, Executive Vice Chancellor, Commonwealth Medicine/UMass Medical School
- Cheryl Pascucci, Family Nurse Practitioner, Baystate Franklin Medical Center
- Parashar Patel, Vice President of Global Health Policy, Boston Scientific
- Lora Pellegrini, President & CEO, Massachusetts Association of Health Plans
- Julie Pinkham, Executive Director, Massachusetts Nurses Association
- Brian Rosman, Director of Policy & Government Relations, Health Care For All
- Marci Sindell, Chief Strategy Officer & Senior Vice President of External Affairs, Atrius Health
- Laurel Sweeney, Global Lead of Health Economics & Market Access, Philips Healthcare
- David Spackman, General Counsel & Senior Vice President of Governmental Relations, Lahey Health
- Daniel Tsai, Assistant Secretary for MassHealth, Executive Office of Health & Human Services
- Steve Walsh, President & CEO, Massachusetts Health and Hospital Association

APPENDIX 4:
STAFF DEPARTMENTS

The HPC's Board appoints an Executive Director to lead the administrative affairs, general management, and operations of the agency. The first Executive Director of the HPC, David Seltz, was appointed in December 2012 and reappointed in 2017.

Under the leadership of the Executive Director, the HPC staff is divided into seven departments. Each department works on focused areas as well as collaborative, intra-agency projects to ensure that the HPC's statutory deadlines are met in a robust, transparent, and timely manner. Two executive departments have oversight and administrative duties, while five other teams focus primarily on policy, research, and program design/operations.

OFFICE OF THE CHIEF OF STAFF

The Office of the Chief of Staff (COS) ensures that the HPC delivers high-quality, transparent work on the Massachusetts' health care system through its role as a convener, researcher, partner, and watchdog. COS is also responsible for guaranteeing that HPC deliverables are communicated transparently to various audiences and stakeholders. This is completed through COS management of the HPC's external affairs efforts, including media, public, legislative, intergovernmental, and stakeholder relations. COS also manages the administration and finance of the HPC, including agency operations, human resources, fiscal management, special projects, and public events. Coleen Elstermeyer, MPP, Deputy Executive Director/Chief of Staff, leads this department and provides high-level strategic support to the Executive Director and Board members in their official capacity.

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel (OGC) provides legal counsel and advice on a wide range of strategic, policy, and operational issues for the agency. OGC is responsible for supporting the HPC's policy and legal work, including the development of regulations and oversight of agency compliance functions. OGC is led by Lois H. Johnson, Esq.

ACCOUNTABLE CARE

The Accountable Care (AC) department is responsible for developing a coordinated strategy to advance care delivery and payment system transformation in the Commonwealth by collaborating on reform efforts with payers and providers, and partnering with policymakers at other state agencies. AC fulfills the HPC's statutory charges to develop and implement state certification programs for patient-centered medical homes (PCMHs) and accountable care organizations (ACOs), and promote the integration of behavioral health with primary care. The department also works to develop policy recommendations to support these care delivery models, enhance data transparency, promote better alignment of models, and identify key barriers and accelerators of reform. AC is led by Katherine (Katie) Shea Barrett, MPH.

MARKET PERFORMANCE

The Market Performance (MP) department is responsible for advancing the HPC's statutory charge to encourage a more value-based health care market. This includes (1) developing and implementing a first-in-the-nation Registration of Provider Organizations (RPO) program to provide transparency on the composition and function of provider organizations in the health care system, (2) tracking and evaluating the impact of significant health care provider changes on the competitive market and on the state's ability to meet the health care cost growth benchmark through review of material change notices (MCNs) and cost and market impact reviews (CMIRs), (3) evaluating the performance of individual health care providers and payers which threaten the health care cost growth benchmark and overseeing Performance Improvement Plans (PIPs) to improve the cost performance of such entities, and (4) collaborating with other HPC departments to catalyze improvements in the performance of the health care system. MP is led by Kate Scarborough Mills, Esq., MPH.

OFFICE OF PATIENT PROTECTION

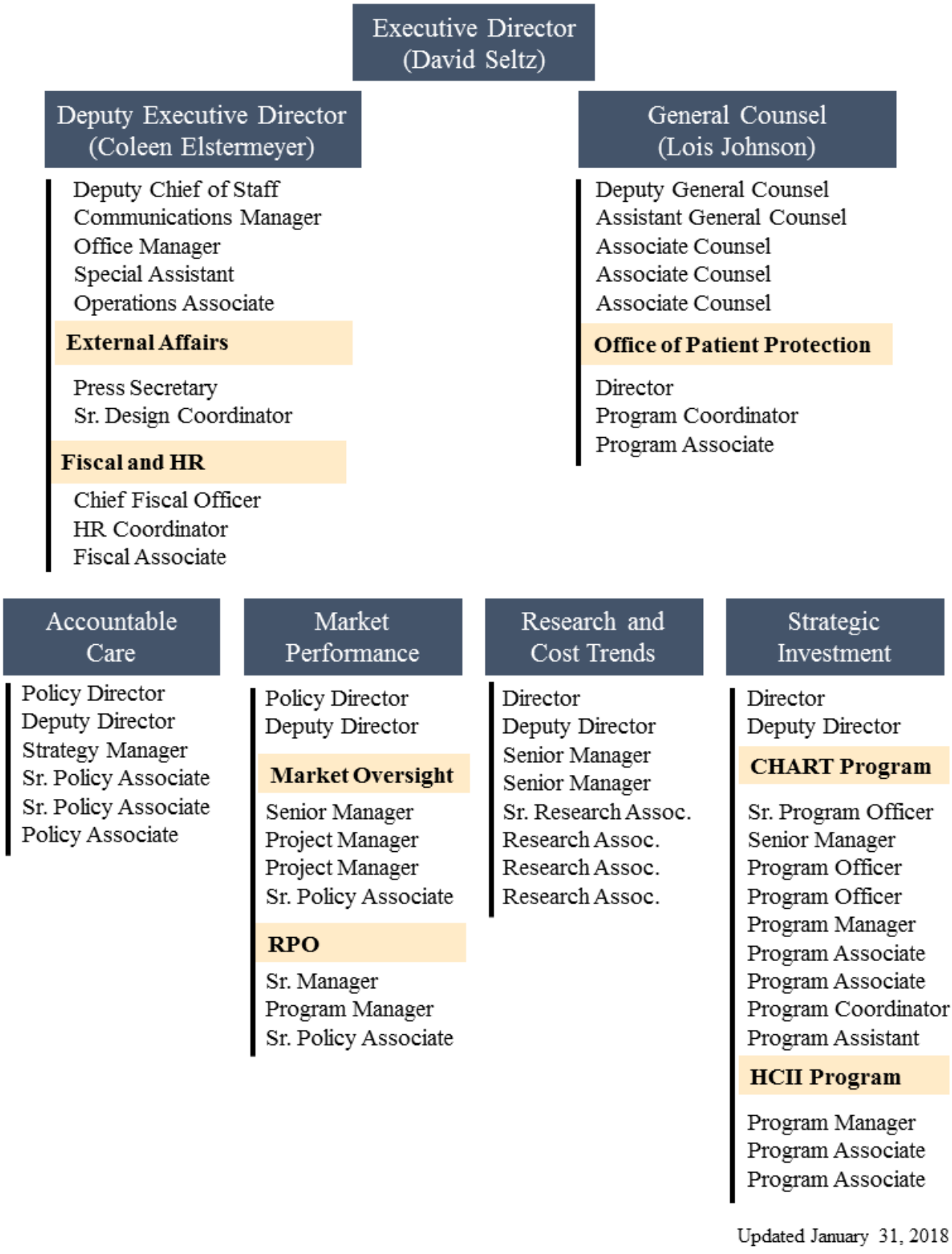
The Office of Patient Protection (OPP) safeguards important rights of health insurance consumers. Implementing certain provisions of M.G.L. Chapter 176O, OPP regulates the internal grievance process for consumers who wish to challenge denials of coverage by health plans and regulates and administers the external review process for consumers who seek further review of adverse determinations by health plans based on medical necessity. OPP is also charged with regulating similar internal and external review processes for patients of Risk Bearing Provider Organizations and HPC-certified ACOs. OPP also administers and grants enrollment waivers to eligible individuals who seek to purchase non-group insurance when open enrollment is closed. Additionally, OPP assists consumers with general questions or concerns relating to health insurance. OPP is led by Steven Belec, MBA, MPA.

RESEARCH AND COST TRENDS

The Research and Cost Trends (RCT) department fulfills the HPC's statutory charge to examine spending trends and underlying factors and to develop evidence-based recommendations for strategies to increase the efficiency of the health care system. Using key data sources such as the state's all-payer claims database (APCD) and cutting edge methods, RCT draws on significant research and analytical expertise to inform, motivate, and support action to achieve the benchmark and the goals of Chapter 224. RCT is responsible for producing the HPC's annual health care cost trends report and contributes subject matter expertise to the annual hearing on cost trends as well as special research projects as determined by the Executive Director and the Board. RCT is led by David Auerbach, PhD.

STRATEGIC INVESTMENT

The Strategic Investment (SI) department is responsible for developing and implementing the agency's investment strategy, including administering several grant programs designed to catalyze care delivery transformation in the Commonwealth. The Community Hospital Acceleration, Revitalization, and Transformation (CHART) program, the Health Care Innovation Investment (HCII) program, and the SHIFT-Care Challenge collectively represent a key component of the HPC's efforts to increase health care quality and access while reducing cost growth in the Commonwealth. Led by Kathleen Connolly, MSW, LICSW, the SI department manages the administration and operations of the programs, engages with investment awardees, designs and implements evaluation, and promotes learning through the broad dissemination of key lessons and promising practices.



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